

PURCHASE OF PRIVATE SCHOOL SERVICE

A.C.A. § 24-7-607

DEFINITION (Amended by Act 142 of 1997)

Private school service means service rendered in any private school or agency recognized by the State Department of Education for the issuance of teaching licenses. [A.C.A. § 24-7-607(a)]

ATRS will recognize as private school service full-time service rendered in any private school or agency that is accepted as “educational work experience” by the State Department of Education for the renewal of teaching licenses.

From and after March 4, 1996, service rendered while employed under the Head Start Program will be considered as private school service. ATRS will require the State Department of Education to recognize the issuance of teaching licenses.

RULES (Amended by Acts 513 and 524 of 1995; Acts 142, 206, and 1053 of 1997; Acts 110 and 866 of 1999; Act 1534 of 2001; Act 1473 of 2003; and Act 385 of 2005) (A.C.A. § 24-7-607)

1. From and after January 1, 1990, an active member shall be eligible to purchase private school service in accordance with the following conditions:
 - A. Service credit shall be limited to service for which no benefit could be paid by another system similar in purpose to this System, except social security, if the member left on deposit his or her contributions to that system.
 - B. Service credited shall be limited to fifteen (15) years.
2. The cost to purchase private school service is the employee and employer contributions rate in effect at the time of purchase times the greater of: the first full year's annual salary the member received for Arkansas service immediately preceding the purchase or the average of the member's three highest salaries. If the member does not have at least three salaries that comprise three years of service, the cost statement shall be based solely upon the first full year's annual salary for Arkansas service immediately preceding the purchase. If the member has not earned one full year of Arkansas service, no cost statement will be provided.

3. Interest is added to the cost:
 - A. If the cost is based solely on the member's first full year annual salary immediately preceding the purchase, interest will accrue from the end of that preceding year until paid in full.
 - B. If the cost is based on the member's first full year annual salary that is not immediately preceding the year at the time of the purchase, interest will accrue from the end of the preceding year until paid in full.
 - C. If the cost is based upon the average of the member's three (3) highest salaries, interest will accrue from the end of the latest year used in the computation until paid in full. Interest will accrue annually on any unpaid balance based upon the initial payment date.
4. The private school service shall not become credited service under this System until:
 - A. The member payments have been paid in full; and
 - B. The member has established five (5) or more years of actual service exclusive of private school service. Should a member cease to be an active member before the private school service has been established as System-credited service, the member payments contributed shall be refundable, together with interest thereon. However, due to IRS regulations, purchase account payments made through employer pick-up are subject to the restrictions as stated in Rule No. 8-6 (Cancellation of Purchase Service Accounts).
5. If payment is not made in a single payment at the time of purchase, interest shall be added from the date of the initial payment until the date of payment in full. This shall apply to all methods of calculation (Act 385 of 2005).
6. A year of private school service shall be for a minimum of one hundred twenty (120) days. Twenty (20) days shall be considered a month. Fractions of years of service may be credited as provided in A.C.A. § 24-7-601 and A.C.A. § 24-7-607(c).
7. Certification of Arkansas private school service or out-of-state private school service must be submitted to ATRS on a form provided by the System.
8. All private school service shall be counted as contributory. Purchased private school service shall be credited to the year in which it was rendered.

9. Repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See Rule No. 8-5 (Purchase Payment Rules).
10. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See Rule No. 8-4 (Rollover Acceptance and Distribution).

Amended: February 3, 2004
June 15, 2004
July 18, 2005
April 26, 2007

